PERTH MARKETS LIMITED

MARKET CITY

The centre of freshness.

Annual Report

Period ending 30 June 2016

www.perthmarket.com.au

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Introduction

Vision

Perth Markets Limited is an industry based facility owner, manager and developer with a primary focus on providing a marketing and distribution hub for fresh produce and other products and services.

Mission

Perth Markets Limited – professionally and profitably managed by the industry, for the industry.

Background

The Market City Site, owned by Perth Markets Limited, is a diverse cluster of businesses involved in wholesale trading, food retailing, business service providers and weekend consumer markets. The site as a whole, not only plays a critical role in fresh produce supply and makes a significant contribution to the State's economy but it impacts on local communities and families.

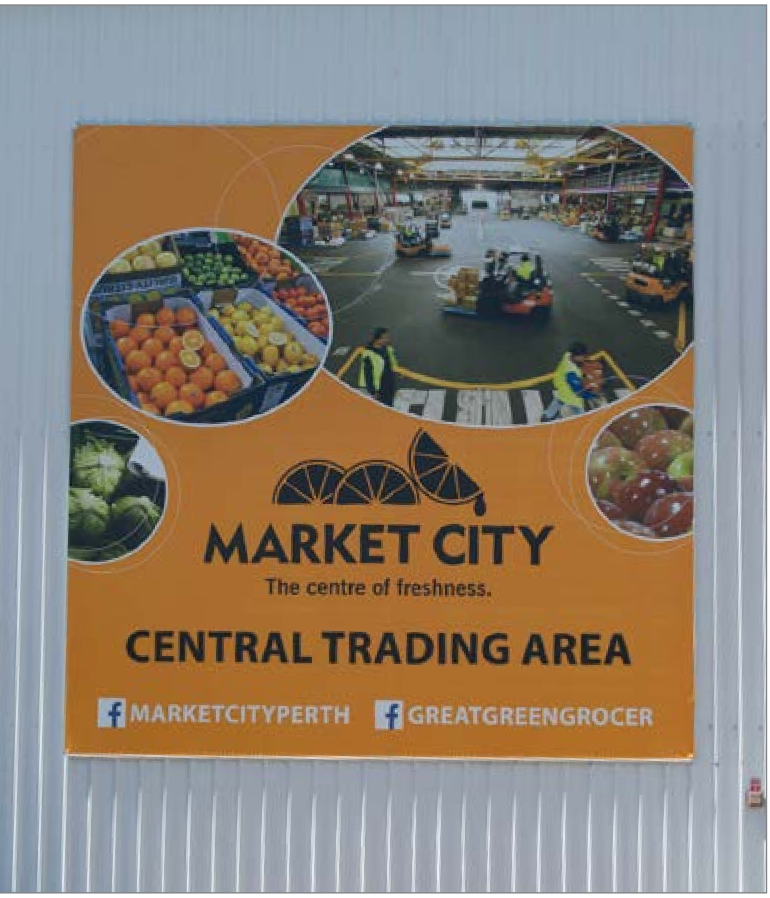
The Market City site is situated on 51 hectares of land in Canning Vale, 16km south of the CBD of Perth, WA and is the only Wholesale Fresh Produce Market in WA.

The site was acquired by Perth Markets Limited (PML) with ownership assumed on 31st March 2016, from the Western Australian Government under its asset sales program.

PML is an industry focused, unlisted public company with stapled securities holders who are predominantly horticulture value chain industry participants.

Market City Information

- The total lettable building area is 86,841m^2 covered by over 170 leases and licenses.
- The site has 100% occupancy.
- The key buildings on the site are the Central Trading Area (CTA) and the related warehouses and undercover loading/unloading areas. The CTA building is the primary wholesale sales area on the site.
- A customer base of approximately 600 buyers regularly using the market including greengrocers, the major supermarkets, independent supermarkets and fresh produce suppliers, food service and catering businesses.
- A tenant base of 23 primary wholesalers, and over 80 secondary wholesalers, providers, distributors and food processing facilities.
- There are also national and local transport and storage companies, a meat processing facility and WA's only wet fish seafood auction located onsite.
- The Retail and Business Services Centre includes conference facilities, a Commercial Centre and a modern 7-day public food precinct. It also includes a standalone Tavern and a Service Station.
- Over 229,000 tonnes of fresh produce were traded over the year by Market City wholesale tenants through the Central Trading Area (CTA).
- Market City has a total of 2,640 car and truck parking bays and there are over 335 registered forklifts onsite.
- There are 17 high voltage electrical substations, and 2 points of external supply, which provide electricity to all tenants' premises on site via a network owned and operated by PML.
- For the 3 months of PML ownership to 30th June 2016, 5,650 MWh of electricity was used along with 62,870 kL of water being consumed.
- The PML provides a 6 MW standby power station which is capable of powering the site in the event of a major power outrage.
- A Waste Transfer Facility operated by PML, where over 32,200 loads (3,400t) of waste was processed during the past year. Of this total, 57% of the waste was diverted from landfill through recycling and reuse.
- There are two Weekend Public Markets; the Saturday Clearance Market and Sunday Community Market. Over 3 months of operation by PML, an average of 1,370 vehicles per week visited the Saturday Clearance Markets. Over the same 3 months an average of 412 stalls being booked each week. For the Sunday Community Market an average weekly attendance of 4,661 people.



PERTH MARKETS LIMITED

MARKET CITY
The centre of freshness.

Key Financial Highlights

Acquisition of Market City

For the period ended 30 June 2016

• Equity Raised	$56.4m
• Debt	$75.3m
• Incurred Acquisition Costs	$4.872m
• Net	$126.828m
• Cash Purchase Settlement	$126.03m

Note: *PML is required to pay an additional $10m (undiscounted) in 10 years to the previous owner.*

Total Assets	$139.5m

Net Tangible Assets

As per 30 June 2016 financial statements for the consolidated Perth Markets Limited Group

• Net Tangible Assets	$50,840,000
• Number of stapled units	58,840,131
• NTA per stapled security	$0.864

Borrowing Facilities

To assist the purchase, the PML group entered into a $75,300,000 4 year revolving cash advance facility with the National Australia Bank Limited which remains fully drawn.

The PML group also has an undrawn revolving $2m overdraft facility with the National Australia Bank Limited.

Investment Property Valuation

The fair value of the Market City land and buildings investment properties is $127,029,000. This value was derived from the purchase price in an arm's length transaction during the year when PML purchased the Market City complex.

Distributions

- No dividends were paid during the period ended 30 June 2016.
- There have been two distributions made from the Perth Markets Land Trust to stapled security holders.
- A distribution of $129,812.04 was paid on the 30/9/2016.
- A discretionary distribution of $0.025 per security being a further $1,471,003.28 was paid on 30/9/2016.
- This gives a total distribution of $1,600,815.32 to 30/9/2016.

Chairman's Highlights

As Chairman I am happy to report on our first 3 months of trading as Perth Markets Limited, to 30 June 2016.

A successful capital-raising of $56.4m facilitated our industry bid and purchase of the Market City facility from the WA Government, ensuring the markets are now managed by the industry for the industry.

Following the industry based bid the industry is now invested in the success of Perth Markets Limited (PML), as an industry based facility owner, manager, and developer with a primary focus on providing Market City as a marketing and distribution hub for fresh produce, and other products and services.

The Market City facility remains critical in the fruit and vegetable value chain from farmer, transporter, wholesaler, retailer to consumer.

Industry Value Chain

PML values the importance of fresh food to us as consumers and is aware of the importance of the Market City facility to ensure the efficient supply of fresh produce to WA consumers. PML has continued this year's funding of research of the total WA fruit and vegetable supply and consumption market conducted by freshlogic. This will continue this research into its sixth year. Trends over the last financial year are as follows.

Volume market sizes and shares for the previous year ending 30 June 2015:

- Total supply of 539,825 tonnes, which is 6% or 29,812 more than the 2013/14 total supply of 510,013 tonnes.
- Total international exports were 80,187 tonnes, which was 9% or 6,829 tonnes greater than 2013/14.
- Total imports (international and interstate) were 112,456 tonnes, which was 21% or 19,721 tonnes more than 2013/14.
- The PML Market City tenants external trade wholesale volume was 226,137 and 6% or 11,891 tonnes more than 2013/14. This flowed through to a PML Market City tenants wholesale volume market share of 42% which is 0.2% down on 2013/14
- The freshlogic report highlights the importance of the industry in Western Australia.

Governance

As the key fresh produce facility in Western Australia it is crucial that we follow best practice and are therefore pleased to report that the start up operations have been successful. This includes the creation of a new board of industry representatives and experts and I am pleased to introduce the new board to you:

- Paul Omodei - myself as Chair
- Patricia Skinner - Deputy Chair
- Miro Lendich
- Rick Smith
- Gaye McMath
- Frank Romano
- David Schirripa
- Andrew Young
- Andrea Lemmon

Additionally, the board and management have undertaken a comprehensive review of the required policies and procedures to ensure PML has the necessary policies and structure in place to continue to operate, safely, efficiently, and commercially.

Financial

As a board, we have been dedicated to ensuring the successful start up integration phase following the acquisition of Market City are pleased that this has enabled us to allocate a distribution back to securities holders.

The 3 month accounts demonstrate the continued stable underlying performance of PML, after allowance for the acquisition capital, and debt raising costs.

Strategic Trends and Themes

The board have developed a strategic plan to drive the future growth of PML in line with our vision.

Building on the research previously undertaken the directors have had a strategy day, to develop the strategic plan and I would like to share the trends and themes that will guide our future planning and execution.

Trends –

1. Consumer behaviour and effect on fruit and vegetable retailers.
2. Competition in the retail space.
3. Changes in farm production and import and export of fresh produce.
4. Consumption trends of fruit and vegetables.
5. Online disruption in distribution and other areas.

Themes –

1. Managing the property assets to attract and maintain profitable tenants.
2. Plan and execute short and long term development investments to build new buildings and increase revenue.
3. Manage key relationships through the communications and public relations strategies.
4. Support the business with sound governance and professional management systems.
5. Operational excellence.

We are currently in the final stages of developing the PML Master Plan for the Market City complex which we expect to release early next year.

I would also like to thank the other board members, CEO and staff for their commitment and dedication during this establishment period to ensure the successful start to Perth Markets Limited.

Paul Omodei
Chairman

CEO's Message

This year saw the completion of the operational and ownership, Perth Markets Limited (PML) structure change of the Market City site, with the successful transition from government ownership to the industry owned public company structure now in place. Due to the sale conditions, there was a need to recruit mainly new staff and management over the period, and it is pleasing to note we now have an experienced and trained staff group, able to provide high levels of service to site users.

Financial Performance

The financial result to the 30/6/2016 confirm the positive operating results following purchase of the Market City site and business from the WA Government on 31/3/2016.

The "underlying" operating profit for the period was $2.453m from total revenue of $5.764m of which $3.046m was rental revenue. This financial performance enabled a total distribution of $1.6m to be paid to investors on 30/9/2016. The key revenue activities of PML being Rental ($3.046m), provision of Services ($2.03m) and Weekend Markets ($0.337m) have continued to remain stable.

As at 30/6/2016 the site was 100% occupied with a weighted average lease expiry (WALE) of 3.9 years.

Operational Issues

Site safety remains our highest priority. Site rules have been implemented and warnings issued where applicable. Our focus is on education of site users to ensure safe practices and cooperation with Work Safe as they undertake their reviews of individual tenants and site users. We are commencing a training regime for the Site Safety and Compliance officers to ensure they are able to assist site users to maintain a safe and efficient site.

Facilities

The facilities team have continued the effective management of the site services (eg. cleaning, road sweeping), maintenance, and minor capital works. One capital construction project has been completed being the hard stand bitumen area at the corner of the E2 warehouse being reconstructed. As part of critical infrastructure maintenance the high voltage electrical distribution system was inspected and maintenance undertaken, and a review of a number of substantial service contracts, e.g. site cleaning and road sweeping, have commenced in order to seek operational efficiencies.

Property Management

Significant transitional management work has taken place around leases and property management processes, resulting in a seamless transition from the customer interface, including the continuation of the provision of services such as assignment of leases, new leases and ongoing tenant enquiry management.

The success of Market City as the center for wholesale fruit and vegetables in WA was demonstrated by Perth Market Ltd successfully maintaining the site at 100% occupancy.

A review of processes, including rent reviews, valuations and standard documentation following the move from state government process controls has commenced and is expected to be completed early next year.

Corporate Services – Finance

We have completed a successful transition to a public company structure including start up, year to date reporting, and company secretarial. This involved the transition and creation of the new accounting structure, systems, processes and procedures, including a substantial policy revision and creation to ensure appropriate governance practice to the operations of the business.

Industry Support and Engagement

We are continuing our strong relationship with Market West, the representative group for the wholesale and other tenants.

PML is supplying funding to Market West to assist with the running of the Great GreenGrocer campaign, an industry based strategy to support independent fruit and vegetable retailers in WA.

PML has also continued the Market City wholesaler market share research conducted by Freshlogic, previously conducted by PMA, which enables assessment of the total amount of fruit and vegetables sold through the Market City facility by tenants. This is one of a kind valuable research that shows the importance of this industry value chain for the state.

Future Activities

The strategic plan which has been developed, highlights the objectives, strategies and tactics that management are putting into action.

The key planning actively being undertaken is the confirmation of our master plan for the ongoing development of the Market City site. The previous site master plan has been reviewed and is in the process of modification and implementation with the appointment of an external project manager. The mandate is to bring additional warehouse and other space to market as soon as possible.

There is still some work for us to undertake to refine and continue growth and operating excellence.

Further Activities

I thank all staff and board members for their support and efforts during the challenging start up period. It has been a period of amazing achievements.

Stephen Ward
CEO

Industry Support

Freshlogic

Freshlogic are independent food market researchers and analysts specialising in consumer research and interpreting market and supply chain conditions. With a unique set of data collection and analysis tools they can inform about household consumption back through to how foods are produced and supplied. These tools provide access to ongoing sources of data allowing overall trends affecting supply chains to be tracked, as well as providing insight into consumer and retailer behaviour. These capacities can deliver a detailed and accurate analysis with insightful tailored solutions.

Great GreenGrocer

The Great GreenGrocer (GGG) is an exciting new program developed by Perth Markets Limited and Market West to provide independent retailers with marketing support, and to promote fruit and vegetables to consumers. As part of the Great GreenGrocer Marketing Campaign, the program promotes WA growers through a website and social media.

Great GreenGrocers already support local growers and have strong relationships with WA growers. The aim of the program is to educate the consumer on how to select and cook fresh seasonal produce, show benefits of shopping at great greengrocers, and rediscover great growers and their regions.

Price Reporting

In conjunction with Market West, Perth Market continues to provide funding to enable the collection and publishing of Market Pricing Reports and Market Throughput Reports that are available via the PML and Market West websites.

Weekly Market Report

Continue to provide the Market City Weekly Update reports providing up to date information on new products, trends, supply and price to over 600 industry and interested participants.

Host Industry Events and Site Tours

Continue to conduct tours of the wholesale markets for overseas delegations, industry participants and students to build relationships with industry groups to support fruit and vegetable retailers through the Retailers of the Year awards.

Community Support

Foodbank

Perth Markets Limited have become community partners with Foodbank WA. Foodbank is by far the largest hunger relief organisation in Australia – last year alone they provided enough food for 25 million meals. Foodbank is a non-denominational, non-profit organisation which acts as a pantry to the charities who feed the hungry. Foodbank is a conduit between the food industry's surplus food and the welfare sector's need. Perth Markets Limited are able to supply surplus food to Foodbank for people in need.

Perth Markets also supports the Foodbank WA School Breakfast Program that benefits the community by providing a nutritious breakfast for high risk students and communities in Western Australia.

The Program provides breakfast food products to registered schools free of charge and with the help of Perth Markets it has access to fresh produce, including fresh fruit and vegetables.

An evaluation of the initiative found that the program positively contributed to a number of factors, including:

- physical health
- student concentration
- mental health
- awareness of healthy eating
- eating behaviours generally
- food selection and preparation skills
- academic outcomes.

The program has grown from 17 schools in 2001 to over 430 schools, across metropolitan, rural and remote Western Australia.

Perth Markets Limited are proud to be involved and supporting those in need in WA.

Directors' Report

Directors' Report

Your directors present their report on the consolidated entity consisting of Perth Markets Limited and the entities it controlled at the end of, or during, the period ended 30 June 2016, referred to throughout this report as the 'Group'.

The controlled entities of Perth Markets Limited include the other members of the stapled group, being Perth Markets Land Trust ('PMLT') and its controlled entities.

Directors and Company Secretary

The following persons were directors of Perth Markets Limited during the period and up to the date of this report:

P. Omodei	(Chairman)	*Appointed 7/10/2015*
P. Skinner		*Appointed 7/10/2015*
E. Smith		*Appointed 7/10/2015*
D. Schirripa		*Appointed 26/02/2016*
F. Romano		*Appointed 12/04/2016*
G. McMath		*Appointed 10/05/2016*
M. Lendich		*Appointed 26/02/2016*
A. Young		*Appointed 20/10/2015*
A. Lemmon		*Appointed 26/02/2016*
N.Tana		*Appointed 20/10/2015 and Resigned 26/02/2016*

R. McPherson was company secretary from 30 September 2015 to 8 September 2016.

S. Logan was appointed company secretary on 8 September 2016.

Principal Activities

On 31 March 2016 Perth Markets Limited acquired the business and assets of Market City, WA's primary trading center for fruit and vegetable. Perth Markets stapled entity (Perth Markets Land Trust and Perth Markets Limited) won a bid to purchase Market City from the state government after being named the preferred bidder for the Canning Vale site in December 2015. The acquisition was effected through the acquisition of 100% interest in Market City Operator Co Pty Ltd by Perth Markets Limited and the Market City Asset Trust by Perth Markets Land Trust.

Dividends and Distributions – Perth Markets Limited

No dividends were paid during the period ended 30 June 2016. A distribution from the Perth Markets Land Trust to stapled security holders of $129,812 is payable under Clause 12 of its constitution. The record date of the distribution is 20 September 2016 and it is included as a payable at 30 June 2016, shown in note 14. A further discretionary distribution was approved by the Board as detailed at note 30.

Review of Results of Operations

During the year the Group acquired the Market City business and commenced operations on 31 March 2016.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the group during the financial period were as follows:

- The Group raised $56,417,000 in equity funding and incurred costs of $1,693,000 in doing so;
- In addition, bank financing of $75,300,000 was also obtained at a cost of $1,034,000; and
- The Group acquired the Market City business for a $125,500,000 upfront payment, $530,000 in settlement of acquired working capital and a further deferred payment of $10,000,000 due in 10 years. Transaction costs totaled $2,145,000.

Events Since the End of the Financial Year

A subsequent further discretionary distribution of $0.025 per security totaling $1,471,003 was approved by the Board to be paid in addition to the distribution provided for in the Financial Statements. A combined total distribution of $1,598,911 to be paid.

Likely Developments and Expected Results of Operations

The Group will continue to operate the Market City business, with a full year of operations likely to have a significant impact on the Group's financial performance.

Information on Directors

P. Omodei Chair	
Experience and expertise	• Former Minister for Water Resources, Local Government, Forest Products, Disability Services and Multicultural Affairs. • Parliamentary career spanning 20 years; Leader of the Opposition (Liberal Party), Minister for 8 years, Shadow Minister >10 Portfolios (including Agriculture and Mineral Resources). • Involved in Local Government as a President, Deputy President, Councilor, Acting CEO, Commissioner and Minister for > 25 years. • Currently Board Member Local Government Insurance Scheme WA (LGISWA), Chairman WA Local Government Grants Commission, Councilor Shire of Manjimup. • Member Southern Forest Water for Food Steering Committee, Warren Donnelly Ministerial Advisory Committee. • Chairman Manjimup Senior High School Board (Currently Best Senior High School in WA). • MD Paul Omodei & Associates (Government and Corporate Relations Consultants). • Fellow of the Australian Institute of Management and an Associate Member of the Institute of Company Directors.

P. Skinner	
Experience and expertise	• 27 years experience in fresh produce wholesaling industry began with the Sumich Group in 1989 to current position with Australian Produce Brokers, a leading fruit and vegetable wholesaler operating in the central trading area at Perth Markets for the past 20 years. • President of Market West formerly The Chamber of Fruit and Vegetable Industries in Western Australia since 2011. • Member of the Market West Management Committee and Director of FPAA Credit Service Pty Ltd since 2002. • Director of Fresh Markets Australia since 2001. • Industry representative on numerous industry committees including reviews of the Perth Market Act and the Bylaws and two government reviews of the Mandatory Horticultural Code of Conduct.

E. Smith	
Experience and expertise	• Vice President of Market West. • Involved in the fruit and vegetable industry for more than 30 years. • Director of Smiths Enterprises, a successful and well-respected fruit and vegetable wholesaler in Market City for nearly 40 years.

D. Schirripa	
Experience and expertise	• Chairman of the Board, Adelaide Produce Markets Limited. • Previously held interests in wholesale produce businesses in both SA and WA. • Director of Schirripa Evans Lawyers, a private client and family business commercial law practice. • Director of Schirripa Orchards Pty Ltd, an avocado orchard business. • Holds degrees in Economics and Law from The University of Adelaide. • Legal Practitioner and Notary Public.

F. Romano	
Experience and expertise	• 40 year history of establishing, owning and managing food franchise companies including Chicken Treat, Red Rooster and Oporto. • Significant corporate transaction and expansion experience through multiple food franchise operations. • Current owner of Packer Pty Ltd, which specialises in snacks, nuts, cereal and confectionary, and Packaging Pty Ltd, a confectionary manufacture and packing business based out of Melbourne. • Other investments include sandalwood plantations, vineyards, and various commercial, retail, and residential property/ property development interests.

G. McMath	
Experience and expertise	• Significant directorship experience across listed companies, government trading enterprises, not-for-profit and national member organisations. • 23 year career with BHP Billiton holding a range of senior executive roles from finance, strategy, planning, commercial and operations within the minerals, steel and corporate divisions. • Former Chief Operating Offer at the University of Western Australia and a member of the Senior Executive team reporting to the Vice-Chancellor responsible for finance, human resources, campus management (including major strategic projects and the capital plan) and venues management.

M. Lendich	
Experience and expertise	• Current Chairman of United Crate, a grower-owned cooperative and the largest supplier of plastic crates and bins to Market City. • Miro is also a grower based in the Swan Valley predominately growing table grapes, watermelons, honeydew melons and rock melons.

A. Young	
Experience and expertise	• Current Chief Executive Officer of Brisbane Markets Limited, the industry industry-owned entity which owns Brisbane's wholesale fruit and vegetable market. • Took on the role of Managing Director in January 2000, was appointed to Chief Executive Officer of BML on October 2002 and also retains the position of Chief Executive Officer of Brismark. • Extensive managerial experience with tertiary qualifications in agricultural science, accounting and corporate management. • Detailed knowledge of the operations of the fresh produce industry, central markets and property development experience.

A. Lemmon	
Experience and expertise	• Andrea Lemmon has performed several executive roles with Rural Funds Management Ltd (RFM), since the establishment of the company in 1997. • Currently the Executive Manager of Funds Management, RFM is the manager of Australia's only listed, diversified agricultural REIT, as well as the responsible entity for six unlisted agricultural based investment trusts. In her role at RFM, Andrea is responsible for the co-ordination and management of all significant fund management activities including capital raising, communications and reporting to investors, and client services. • Andrea serves as the RFM Company Secretary and has responsibility for RFM's corporate governance and compliance functions. Andrea has represented the business externally, including as a corporate representative of the Australian Olive Association.

Meetings of Directors

The number of meetings of the Company's board of directors held during the period ended 30 June 2016, and the number of meetings attended by each director were:

	No. of meetings	No. attended
P. Omodei	12	12
P. Skinner	12	11
E. Smith	12	10
N. Tana	7	6
D. Schirripa	5	4
F. Romano	3	3
G. McMath	1	1
M. Lendich	5	4
A. Young	12	9
A. Lemmon	5	3

Meeting of Finance and Audit Committee Members

The number of meetings of the committee held during the period ended 30 June 2016, and the number of meetings attended by each member were:

	No. of meetings	No. attended
P. Omodei	1	1
P. Skinner	1	1
A. Young	1	1
N. Tana	1	1
M. Lendich	1	1
A. Lemmon	1	1

Environmental Regulation

The Group is subject to a number of environmental regulations as part of operating the Market City business, which the Group is committed to meeting. The Board is not aware of any significant or material breaches of environmental requirements during the period covered by this report.

Insurance of Officers

During the financial year, the Group paid a premium under a contract ensuring all Directors and Officers against liabilities incurred in that capacity. Disclosure of the nature of the liabilities insured and the premium is subject to a confidentiality clause under the contract of insurance.

Proceedings on Behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.Auditor's independence declaration A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 20.

Rounding of Amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.

Chair

Director

PERTH MARKETS LIMITED

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Auditor’s Independent Declaration

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF PERTH MARKETS LIMITED

As lead auditor of Perth Markets Limited for the period ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Perth Markets Limited and the entities it controlled during the period.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2016

Consolidated statement of profit or loss and other comprehensive income

For the period ended 30 June 2016

	Note	Consolidated
		$'000
REVENUE	**5**	**5,764**
Operating expenses		
Weekend markets expenses		(159)
Operational expenses	6	(1,071)
Commercial site management expenses	7	(1,964)
Depreciation and amortisation expense		(117)
Operating profit		**2,453**
Finance expense		(725)
Acquisition related costs	27	(2,145)
Loss before income tax		(417)
Income tax benefit	8	6
Loss after income tax for the period		**(411)**
Other comprehensive income		
Items not reclassified subsequently to profit or loss:		
Changes in the fair value of cash flow hedges	13	(3,343)
Total other comprehensive loss		**(3,343)**
Total comprehensive loss for the Period		**(3,754)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of Financial Position

For the period ended 30 June 2016

	Note	Consolidated
		$'000
ASSETS		
Current Assets		
Cash and cash equivalents	21	3,530
Receivables	9	1,168
Other assets	10	964
Total Current Assets		**5,662**
Non-Current Assets		
Property, plant and equipment	11	5,336
Investment property	12	127,029
Other assets	10	1,509
Total Non-Current Assets		**133,874**
TOTAL ASSETS		**139,536**
LIABILITIES		
Current Liabilities		
Payables	14	2,444
Provisions	16	11
Other current liabilities	17	114
Total Current Liabilities		**2,569**
Non-Current Liabilities		
Borrowings	15	74,354
Provisions	16	28
Other non-current liabilities	17	11,745
Total Non-Current Liabilities		**86,127**
TOTAL LIABILITIES		**88,696**
NET ASSETS		**50,840**

Consolidated statement of Financial Position Cont'd

For the period ended 30 June 2016

EQUITY		
Contributed equity	19	54,724
Reserves	19	(3,343)
Accumulated losses	19	(541)
TOTAL EQUITY		**50,840**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the period ended 30 June 2016

	Note	Contributed Equity	Cash flow hedge reserve	Accumulated Losses	Total equity
Consolidated		**$'000**	**$'000**	**$'000**	**$'000**
Balance at inception	27	-	-	-	-
Loss for the period		-	-	(411)	(411)
Other comprehensive loss		-	(3,343)	-	(3,343)
Total comprehensive loss for the year			**(3,343)**	**(411)**	**(3,754)**
Transactions with owners in their capacity as owners		-	-	-	-
Contributions of equity, net of transaction costs		54,724	-	-	54,724
Distributions to unit holders		-	-	(130)	(130)
Balance at 30 June 2016		**54,724**	**(3,343)**	**(541)**	**50,840**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of Cash Flows

For the period ended 30 June 2016

	Note	Consolidated
		$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Receipts from customers		6,222
Payments to suppliers and employees		(3,654)
		2,568
Interest income		223
Interest payments		(10)
Acquisition related costs	27	(2,145)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**21(b)**	**636**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment		(154)
Payment for acquisition of subsidiary, net of cash acquired	27	(126,030)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(126,184)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings		74,354
Proceeds from issue of shares and other equity instruments		55,650
Share issue costs		(926)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**129,078**
Net increase (decrease) in cash and cash equivalents		**3,530**
Cash and cash equivalents at the beginning of period		-
CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD	**21(a)**	**3,530**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the period ended 30 June 2016

1 Notes to the financial statements
General

Perth Markets Limited ('the company', 'the parent' or 'PML') is a company incorporated in Australia and limited by shares.

These financial statements have been prepared as an aggregation of the financial statements of the PML and its controlled entities and Perth Markets Land Trust ('PMLT') and its controlled entities. The combined entity (hereafter referred to as the group) was formed through the stapling of securities in PML and PMLT, which cannot be traded separately. The financial statements have been aggregated in recognition of this stapling. PML has been deemed to be the parent entity of the Group as its management are responsible for the group's operations.

The company was incorporated on 7 October 2015. PMLT was created on 3 February 2016.

On 31 March 2016 the group acquired the assets and operations of Market City from the Perth Market Authority. Prior to this date the group had no operations.

The Group has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

2 Summary of significant accounting policies
(a) General statement

The consolidated general purpose financial statements of the group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Perth Markets Limited is a for-profit entity for the purpose of preparing the financial statements. Perth Markets Limited is the Group's Ultimate Parent Company. Perth Markets Limited is a public company incorporated and domiciled in Australia. The consolidated financial statements for the period commencing on incorporation and ending on 30 June 2016 were approved and authorised for issue by the Board of Directors on 29 September 2016.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of investment property and derivative financial instruments at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars. PML is a company of the kind referred to in ASIC Corporations (Rounding in Financial / Directors Reports) Instrument and in accordance with that instrument, the financial statements are rounded to the nearest thousand dollars ($'000) unless otherwise indicated.

Note 3 'Critical accounting estimates and assumptions' discloses key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Principles of consolidation

Subsidiaries are those entities (including stapled entities) over which the consolidated entity has control. The group controls an entity when the group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(d) Income

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Provision of services revenue

Revenue is recognised on delivery of the service to the tenants or by reference to the stage of completion of the transaction.

Interest revenue

Revenue is recognised as the interest accrues.

Rental revenue

Rental revenue from investment properties is recognised on a straight-line basis over the lease term. Revenue not received at the reporting date is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance (unearned income). Lease incentives granted are considered an integral part of the total rental revenue and are recognised as a reduction in rental income over the term of the lease, on a straight-line basis. Contingent rentals are recognised as income in the periods in which they are earned.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Gain or loss on disposal of assets

Gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the profit or loss in the year of disposal. Where the gain or loss is obtained from sale of properties, it is recognised when the significant risks and rewards have transferred to the buyer, which is normally when legal title passes to the buyer.

(e) Borrowing costs

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

No borrowing costs were capitalised in the period as no qualifying assets were constructed.

(f) Property, plant and equipment

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

De-recognition

Upon disposal or de-recognition of an item of property, plant and equipment, any gain or loss is recognised in the consolidated statement of profit or loss.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable assets are:

Plant and equipment	4 to 15 years
Office equipment	5 to 10 years

(g) Investment properties

Investment properties are properties held either to earn rental income, for capital appreciation or for both that are not occupied by the consolidated entity. Initially, investment properties are measured at cost including transaction costs. Investment properties are subsequently remeasured annually at fair value. Movements in the fair value of investment properties are recognised directly to profit or loss. As part of the process of determining the fair value of all property, an external independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, will value the Group's property annually.

Property under construction held for future use as investment property is also carried at fair value unless fair value cannot yet be reliably determined. If fair value cannot yet be reliably determined, the property will be accounted for at cost until either the fair value can be reliably determined or when construction is complete.

(h) Fair value measurement

When an asset, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

(i) Impairment of assets

The Group's non-current assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Group is a for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost. The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

(j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases where the group is lessee are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Where the group is lessor, finance lease are treated as a sale of the relevant asset in exchange for a financial asset, recognised initially at fair value. Operating leases give rise to rental income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

(k) Financial instruments

The Group has the following categories of financial instrument:

- Financial Assets
  - Cash and cash equivalents
  - Receivables
- Financial Liabilities
  - Payables
  - Borrowings
  - Deferred consideration
  - Derivative liabilities

Initial recognition and measurement of financial instruments is at fair value.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

Borrowings are initially measured at fair value, less any directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(l) Derivatives

The Group uses derivative financial instruments including interest rate swaps to hedge its financial risks, including those associated with interest rate fluctuations. Such derivative financial instruments are carried at fair value. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss.

Hedge Accounting

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; cash flow hedges where they hedge exposure to variability in cash flows; or hedges of a net investment in a foreign operation.

Initial recognition

At the beginning of a hedge relationship, the Group designates and documents the hedge relationship and the related risk management objective and strategy. The documentation identifies the hedging instrument and the hedged item as well as describing the economic relationship, the hedge ratio between them and potential sources of ineffectiveness. The documentation also includes the nature of the risk being hedged and the method of assessing the hedging instrument's effectiveness. To achieve hedge accounting, the relationship must be expected to be highly effective and are assessed on an ongoing basis to determine that they continue to meet the risk management objective.

Discontinuation

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the year.

Gains or losses recognised directly in equity are reclassified into profit and loss in the same period or periods the foreign currency risk affects consolidated profit and loss.

Cash flow hedges

In relation to cash flow hedges (such as the Group's interest rate swaps) to hedge firm commitments, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the statement of profit or loss and other comprehensive income.

When the hedged item gives rise to the recognition of an asset or a liability, the associated deferred gains or losses are included in the initial measurement of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged firm commitment affects the income statement.

(m) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents (and restricted cash and cash equivalents) comprise cash on hand, net of bank overdrafts.

(n) Accrued salaries

Accrued salaries when applicable (refer to note 14 ‘Payables’) represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Group considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(o) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Group will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(p) Payables

Payables are recognised at the amounts payable when the Group becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(q) Borrowings

All loans payable are initially recognised at cost, being the fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method.

(r) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

Annual leave and long service leave

The liability for annual and long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Annual leave that is not expected to be settled wholly within 12 months after the end of the reporting period and is considered to be ‘other long-term employee benefits’.

Annual and long service leave expected to be settled more than 12 months after the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the end of the reporting period.

When assessing expected future payments consideration is given to expectations of future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Annual leave and unconditional long service leave provisions are classified as current liabilities when the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Sick leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the profit or loss for this leave as it is taken.

Superannuation

The Group does not participate in any employer sponsored defined benefit superannuation plans for its employees. All superannuation payments by the Group are in accordance with the relevant Superannuation Guarantee legislation

Provisions – other

Employment on costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Salaries and board fees'. The related liability is included in 'Provisions' note 24.

(s) Comparative figures

As the Company and Group were formed during the year, no comparatives figures are presented.

(t) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

(u) Goods and Services Tax ('GST') and other similar taxes

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(v) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred

(vi) Contributed Equity

Stapled securities

Stapled securities are classified as equity. Incremental costs directly attributable to the issue of stapled securities are recognised as a deduction from equity, net of any tax effects.

Distributions on stapled securities are recognised as a liability in the period in which they are declared, and are recognised as a return of capital for accounting purposes to the extent that distributions exceed retained earnings.

The holders of stapled securities are entitled to receive dividends and distributions as declared from time to time, and are entitled to one vote per stapled security at security holder meetings. The liability of a member is limited to any remaining amount in relation to a member's subscription for securities

3 Judgments made by management in applying accounting policies

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimates of fair value of investment properties

Critical judgments are made by the consolidated entity in respect of the fair values of investment properties. The fair value of these investments are reviewed by management with reference to external independent property valuations and market conditions existing at the reporting date, using generally accepted market practices. The critical assumptions underlying management's estimates of fair values are those relating to gross and net market rents, average market rental growth and capitalisation and discount rates. Management determined there were no other identifiable intangible assets acquired as part of the business combination.

Estimates of fair value of interest rate derivatives

The fair value of interest rate derivatives have been determined using a pricing model based on discounted cash flow analysis and incorporating assumptions supported by market data at balance date, including market expectation of future interest rates and discount rates and taking into account estimates prepared by external counter-parties.

Transaction costs

During the period the Group prepared for and entered into a series of transactions to raise equity from investors, obtain debt financing and to purchase the Market City business incurring significant related costs. Judgment was required in allocating these costs between the three transactions.

4 New accounting standards and interpretations

New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. These standards and interpretations have not been early adopted.

- AASB 9 Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2018). AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. PML has determined that AASB 9 will have no material impact on the way the Group accounts for its currently held financial instruments

- AASB 15 Revenue from Contracts with Customers (effective for annual reporting periods beginning on or after 1 January 2018). AASB 15 introduces new framework for accounting for revenue and will replace AASB 118 Revenue and AASB 111 Construction Contracts. The new standard is based on the principle that revenue is recognised when control over goods and services transfers to a customer, therefore the notion of control replaces the existing notion of risks and rewards. Management is continuing to assess the impact of the new standard on PML's financial statements

- AASB 16 Leases (effective for annual reporting periods beginning on or after 1 January 2019). AASB 16 introduces new framework for accounting for leases and will replace AASB 117 Leases. The new standard will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. Management is continuing to assess the impact of the new standard on PML's financial statements.

5 Revenue

	Consolidated
	$'000
Weekend markets revenue	337
Rental revenue	3,046
Provision of services revenue	2,031
Interest revenue	223
Other revenue	127
Total revenue	**5,764**

6 Operational expenses

	Consolidated
	$'000
Information technology and telecommunications	76
Repairs and maintenance	142
Consultancy	149
Insurance	48
Travel expenses	26
Salaries and board fees	401
Advertising and promotions	2
Legal fees	119
Other	108
	1,071

7 Commercial site management expense

	Consolidated
	$'000
Rates and water consumption	255
Air conditioning/ventilation	20
Cleaning and waste removal	243
Electricity	680
Fire protection	42
Pest control	12
Repairs and maintenance	121
Insurance	91
Contract security staff	113
Staff costs	336
Other	10
Gardening	14
Legal	27
	1,964

8 Income tax expense / (benefit)

	Consolidated
	$'000
Current tax expense	
Current tax expense/(benefit)	(6)
Deferred tax expense	-
Total income tax expense/(benefit)	**(6)**
Numerical reconciliation of income tax expense to prima facie tax payable:	
Loss before income tax expense / (benefit)	(417)
Income tax at the Australian tax rate of 30%	(125)
Unrecognised tax losses and other deferred tax assets	119
Total income tax expense / (benefit)	**(6)**

Unrecognised tax losses and deferred tax assets

Given the Group's recent formation and stapled structure, management has concluded that there is not sufficient evidence to support the recognition of deferred tax assets totaling $119,000. The Group has no net deferred tax assets or liabilities.

9 Receivables

	Consolidated
	$'000
Current	
Receivables	1,168
Total current	**1,168**

In most cases the Group holds collateral as security or other credit enhancements relating to receivables for lease rentals. These normally include a bank guarantee or cash security deposit held on trust.

10 Other assets

	Consolidated
	$'000
Current	
Prepayment	621
Net GST receivable	343
Total current	**964**
Non-current	
Receipts from customer security deposits[1]	1,509
Total non- current	**1,509**

[1] Receipts from customer security deposits are held as cash in a separate bank account and are not expected to be used for any other purpose than refunding or utilising the security deposit, which is shown as a liability in note 17.

11 Property, plant and equipment

Plant and equipment comprises:		**$'000**
Property, plant and equipment at cost		5,453
Less: Accumulated depreciation		(117)
		5,336

	Plant, equipment and vehicles	Total
2016	**$'000**	**$'000**
Carrying amount at start of year	-	-
Acquired as part of business combination	5,305	5,305
Additions	148	148
Depreciation	(117)	(117)
Carrying amount at end of year	**5,336**	**5,336**

12 Investment properties

	Land	Buildings	Total
	$'000	$'000	$'000
Carrying amount at start of year	-	-	-
Acquired as part of business combination	88,274	38,748	127,022
Additions	-	7	7
Fair value at end of year (note 13)	**88,274**	**38,755**	**127,029**

13 Fair value measurements

	Level 1	Level 2	Level 3	Fair Value
				At end of period
2016 Consolidated	**$'000**	**$'000**	**$'000**	**$'000**
Assets				
Investment properties	-	127,029	-	127,029
	-	**127,029**	**-**	**127,029**
LIABILITIES				
Derivative financial instruments	-	(3,343)	-	(3,343)
	-	**(3,343)**	**-**	**(3,343)**

There were no transfers between Levels 1, 2 or 3 during the current and previous period.

Valuation techniques to derive Level 2 fair values

Level 2 fair values are derived using the income based approach to arrive at a market value type valuation. The cash flow associated with the asset are discounted using a discount rate that reflects the cost of capital risk and required return. They are derived from market based information, such as rental yields or interest rate forward curves. The fair value of the investment properties were derived from their purchase price in an arm's length transaction during the year. Management obtained independent valuations during the bid process, which confirmed that the purchase price is representative of fair value of the properties. There has been no changes in the market over the three months from purchase of the assets that would indicate a material change in value.

14 Payables

Current	**$'000**
Accounts payables	176
Sundry creditors	1,041
Employee salaries payable	134
Interest payable	649
GST payables	315
Income tax receivable	(6)
CORPORATE PURCHASING CARD	5
Distribution payable	130
Total current	**2,444**

15 Borrowings

Non-current	
Hire Purchase	88
Term loan (net of associated costs)	74,266
Total non-current	**74,354**

Term loan

The group entered into a four year, $75,300,000 revolving cash advance facility with the National Australia Bank Limited on 28 March 2016. The facility is interest bearing at a floating rate of interest linked to BBSY and is secured by the assets of the group. Information on the group's management of interest rate risk is set out in note 24. No covenants applied for this financial period, however they will apply in future years.

16 Provisions

Current	**$'000**
Employee benefits provision	
Annual leave	11
Long service leave	-
	11

Non-current	
Employee benefits provision	
Long service leave	28
	28

17 Other liabilities

Current	
Deposit – magnetic cards	94
Retentions	20
Total current	**114**

Non-current	
Security deposits	1,509
Deferred settlement consideration (note 27)	6,893
Derivative financial liabilities	3.343
Total non-current	**11,745**

18 Related party disclosure

Parent Entity

Perth Markets Limited

Subsidiaries

Interests in subsidiaries are set out below:

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiary in accordance with the accounting policy described in note 2(c).

	Principal place of business / Country of incorporation	2016 %
Market City Operator Co Pty Ltd	Perth, Australia	100%
Market City Asset Manager Co Pty Ltd	Perth, Australia	100%
Perth Markets Land Trust	Perth, Australia	-
Market City Asset Trust	Perth, Australia	-

As discussed in Note 1, PMLT and its controlled entity, the Market City Asset Trust form part of the Group's stapled structure. Whilst the Company has no financial ownership of the Trusts, it exerts control over them through its management obligations and joint ownership.

Key management personnel compensation

Note: key management personnel includes non-executive board members.

The aggregate compensation made to directors and other members of key management personnel of the Group is set out in note 25.

Directors and Director-related entities hold directly, indirectly or beneficially as at balance date the following number of shares in this Group.

	Consolidated		Parent	
	Number (‘000)	**$’000**	**Number (‘000)**	**$’000**
Brisbane Markets Limited	53,002	25,500	26,501	1,500
United Crate Co-operative Ltd	14,980	7,490	7,490	300
Adelaide Produce Markets Limited	10,550	5,275	5,275	211
Rural Funds Management Ltd	10,550	5,275	5,275	211
Scarborough Beach Investments Pty Ltd	2,500	1,250	1,250	50
Maria Ann Lendich	1,000	500	500	20
Miroslav Lendich	1,000	500	500	20
Jonathan Michael Lendich	200	100	100	4
Nicole Louise Lendich	200	100	100	4
Rachel Samantha Lendich	200	100	100	4
ME & D Schirripa Super fund Pty Ltd < ME & D Schirripa Superannuation Fund>	200	100	100	4
E&T Smith Superannuation Fund	500	150	250	54
Market West [d]	3,314	1,056	1,657	330
P.D. and R.M. Omodei Pty Ltd < P.D. & R.M Omodei Family Trust [d]	220	110	110	4
	98,416	**47,506**	**49,208**	**2,716**

Transactions with related parties

The Group transacted with several Directors in the Group and their related entities as customers and suppliers, in relation to leased premises and market services. The amounts charged were based on normal market rates and amounted to:

	$'000
Brisbane Markets Limited [a]	5
P.D. and R.M. Omodei Pty Ltd < P.D. & R.M Omodei Family Trust [d]	10
Rural Funds Management Ltd [a]	2
Market West [b] [d]	803
Smith Enterprises Pty Ltd [c]	88
Total current	**908**

Director	**Related entities**
A. Young	Brisbane Markets Limited
A. Lemmon	Rural Funds Management Ltd
P. Omodei	P.D. and R.M. Omodei Pty Ltd < P.D. & R.M Omodei Family Trust
P. Skinner	Market West
E. Smith	Smith Enterprises Pty Ltd

These amounts exclude any amount payable as a director fee as these are disclosed in Remuneration of members of the accountable Group and senior officers at note 25. These amounts are the total value of any amount receivable or payable from or to the related party

(a) These relate to the reimbursement for travel expenses for Board representation at Board meetings.

(b) These relate to acquisition of gas for the Waste Transfer Facility ($1,558), Hire of initial utility vehicles ($4,709), contribution to the 2016 Market West Ball ($11,000), Market price reporting ($12,145), Rental income ($16,651). $NIL payable or receivable to or from the Market West at 30 June 2016.

(c) These relate to tenant occupancy expenses. There was $1,745 receivable from Smiths Enterprises Pty Ltd at 30 June 2016.

(d) Includes fees satisfied through issue of equity, Market West $756,500 and P.D. and R.M. Omodei Pty Ltd < P.D. & R.M Omodei Family Trust $10,000.

19 Contributed equity

Issued Capital

	PML $'000	PMLT $'000	Consolidated $'000
Stapled Securities			
Balance at start of year	-	-	-
3,633,631 Fully paid stapled issued shares @ $0.333	1,210	-	1,210
3,633,631 Fully paid stapled issued units @ $0.00	-	-	-
55,206,500 Fully paid stapled issued shares @ $0.04	2,209	-	2,209
55,206,500 Fully paid stapled issued units @ $0.96	-	52,998	52,998
Less costs associated with the capital raises	(68)	(1,625)	(1,693)
Balance at end of year	**3,351**	**51,373**	**54,724**

Stapled Shares

Stapled shares have the right to receive dividends and distributions as declared from both PML and PMLT and, in the event of winding up the company or the trust, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, stapled shares held. Stapled shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Reserves

	Accumulated losses $'000	Cash flow hedge reserve $'000
Balance at inception	-	-
Result for the period after tax	(411)	-
Movements in fair value of cash flow hedges	-	(3,343)
Distribution payable for the year	(130)	-
Balance at end of year	**(541)**	**(3,343)**

20 Dividends and distributions

Dividends

A subsequent further discretionary distribution of $0.025 per security totaling $1,471,003 was approved by the Board to be paid in addition to the distribution provided for in the Financial Statements. A combined total distribution of $1,598,911 to be paid.

21 Notes to the Statement of Cash Flows

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	$'000
Operating (a)	2,681
Cash Management	849
	3,530

(a) This includes a working capital overdraft facility. At balance date the account had a balance of $45,591 overdrawn.

(b) Reconciliation of profit after income tax equivalent to net cash flows provided by operating activities

	Consolidated $'000
Profit/(loss) after income tax for the period	(411)
Non-operating or non-cash items:	
Depreciation and amortisation expense	117
Unwind of discounting in interest expense	65
(Increase)/decrease in assets:	
Receivables	115
Other assets	(908)
Increase/(decrease) in liabilities:	
Payables	1,633
Provisions	25
Net cash provided by/(used in) operating activities	**636**

22 Commitments

Contractual & Operating Lease commitments

Commitments in relation to operating leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

Within 1 year	54
Later than 1 year and not later than 5 years	143
Later than 5 years	-
	197

Representing:	
Non-cancellable contractual & operating leases	197
	197

Commitments in relation to finance leases contracted for at the end of the reporting period are payable as follows:

Within 1 year	16
Later than 1 year and not later than 5 years	84
Later than 5 years	-
	100

23 Contingent liabilities

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

Contaminated sites

Under the Contaminated Sites Act 2003, the Group is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Group may have a liability in respect of investigation or remediation expenses.

There have been no suspected contaminated sites reported to the DEC.

24 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	Consolidated $'000
Financial Assets	
Cash and cash equivalents	5,039
Receivables	1,168
	6,207
Financial Liabilities	
Trade payables	2,314
Borrowings	74,354
Deferred consideration	6,893
Derivative financial instruments	3,343
	86,904

(a) Financial risk management objectives and policies

Financial instruments held by the Group are cash and cash equivalents, restricted cash and cash equivalents, borrowings, and receivables, and payables. The Group has limited exposure to financial risks. The Group's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises from the Group's receivables and through the Group's cash balances held by banking institutions.

The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The Group trades only with recognised, creditworthy third parties. The Group's cash balances are held by Australian banks with investment grade credit ratings. The Group has policies in place to ensure that leases are made to tenants with an appropriate credit history. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is minimal. At the balance sheet date, there are no significant concentrations of credit risk.

All tenants with outstanding balances exceeding 5 days are notified of their outstanding debt, if this is not paid within 10 days, another letter is provided and a due date for payment advised. Where the due date is missed, the tenant is sent a default. The Group also has the capacity to charge interest on outstanding balances in accordance with the provisions of the lease.

The allowance for impairment of financial assets is calculated based on objective evidence, such as past experience, and current and expected observable data indicating changes in client credit ratings. At balance date, no impairment of financial assets was required and no amounts were overdue.

Liquidity risk

Liquidity risk arises when the Group is unable to meet its financial obligations as they fall due. The Group is exposed to liquidity risk through its approach to capital management and its trading in the normal course of business.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and finance leases. The Group has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

The Group manages its short term liquidity requirements through rigorous cash management and the availability of a $2million overdraft facility of which $46,000 was utilised at balance date.

		Contractual maturities					
	Carrying amount	**Up to 3 months**	**3-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total contractual cash flows**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives							
Payables	2,314	2,314	-	-	-	-	2,314
Hire purchase agreements	88	4	8	12	69	-	93
Term borrowings	74,266	652	1,957	2,609	79,866	-	85,084
Deferred consideration	6,893	-	-	-	-	10,000	10,000
Gross-settled Derivatives							
Interest rate swaps - inflow	3,343	(376)	(1,127)	(1,502)	(3,943)	(3,643)	(10,591)
Interest rate swaps – outflow		451	1,352	1,802	5,104	5,707	14,416
	86,904	**3,045**	**2,190**	**2,921**	**81,096**	**12,064**	**101,316**

Market risk

Market risk is the risk that changes in market prices such as interest rates will affect the Group's income or the value of its holdings of financial instruments. The Group is not exposed to foreign currency risk or other price risks. The Group's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations that are at a floating rate of interest determined with reference to BBSY.

The company uses derivative financial instruments (interest rate swaps) to reduce the exposure to market risks arising from changes in interest rates. The Group does not enter into derivative contracts for the purposes of trading. Hedging decisions are made based on the Group's interest rate risk position. Hedging for the purpose of this policy means a transaction which reduces the calculated interest rate risk on the overall portfolio of interest bearing assets and liabilities using one or more of the interest rate risk measures of value at risk, sensitivity or accrued simulation.

The risk has been managed through the use of an interest rate swap which covers the entire principal of the loan for its duration. The Group has therefore an immaterial current exposure to interest rate risk in the income statement, principally through interest earned on its cash reserves ($223,000 in the year). A 100 basis point movement in interest rates would have impacted interest revenue in the income statement by $50,000.

25 Remuneration of key management personnel

Remuneration of key management personnel

	$
Base remuneration and superannuation	322,996
Annual leave and long service leave accruals	-
Other benefits	-
The total remuneration of key management personnel	**322,996**

26 Remuneration of auditor

Remuneration payable to the BDO Audit (WA) Pty Ltd for the financial year is as follows:

	$
Audit of the financial statements	30,000
Other services	-

27 Business Combinations

Acquisitions

On 31 March 2016 Perth Markets Limited acquired the business and assets of Market City, WA's primary trading center for fruit and vegetable. Perth Markets stapled entity (Perth Markets Land Trust and Perth Markets Limited) won a bid to purchase Market City from the state government after being named the preferred bidder for the Canning Vale site in December 2015. The acquisition was effected through the acquisition of 100% interest in Market City Operator Co Pty Ltd by Perth Markets Limited and the Market City Asset Trust by Perth Markets Land Trust.

Details of the net assets acquired and purchase considerations are as follows:

	Value apportioned to Market City Operator Co	Value apportioned to Market City Asset Trust	Total
	$'000	**$'000**	**$'000**
Land	-	88,274	88,274
Fittings	-	38,748	38,748
Plant	5,306	-	5,306
Accounts receivable	1,283	-	1,283
Prepayments and other assets	56	-	56
Accounts payable	(263)	-	(263)
Accruals and other creditors	(546)	-	(546)
	5,836	**127,022**	**132,858**

Purchase consideration comprises:

	Total
	$'000
Upfront consideration	125,500
Settlement of Working capital acquired	530
Cash paid in the year	126,030
Deferred consideration	6,828
	132,858

Acquisition related costs

Legal fees, advisory costs, stamp duties and other acquisition related costs of $2,145,000 have been included in other expenses in profit and loss.

Deferred consideration

Perth Markets Limited is required to pay the previous owners of Market City an additional consideration of $10,000,000 (undiscounted) in 10 years. The fair value of the deferred consideration at acquisition was $6,827,513, discounted at a market rate of interest of 3.89%.

Contribution of acquired business

The 3 month results of the acquired business contributed all of the Group's revenue and operating profit for the period. The revenue and profit contribution the operations would have provided if owned for the entire year is not yet available from the previous owners.

28 PMLT Consolidated Group

The financial statements of the Perth Markets Land Trust consolidated group (PMLT Group) have been prepared on the same basis as the consolidated financial statements.

The financial statements for the PMLT Group report the following amounts:

Statement of profit or loss and other comprehensive income

	$'000
Revenue	**2,555**
OPERATING EXPENSES	
Operational expenses	(121)
Commercial site management expenses	(169)
OPERATING PROFIT	**2,265**
Finance expense	(714)
Acquisition related costs	(1,847)
Profit / (loss) before income tax expense / (benefit)	**(296)**
Income tax expense / (benefit)	-
PROFIT/(LOSS) AFTER INCOME TAX FOR THE YEAR	**(296)**
OTHER COMPREHENSIVE INCOME	
Changes in fair value of cash flow hedges	(3,343)
Total other comprehensive income	**(3.343)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(3,639)**

Balance Sheet

	PMLT
	$'000
ASSETS	
Current Assets	
Cash and cash equivalents	809
Other assets	297
Total Current Assets	**1,106**
Non-Current Assets	
Property, plant and equipment	127,029
Intercompany loan	5,127
Total Non-Current Assets	**132,156**
TOTAL ASSETS	**133,262**

LIABILITIES	
Current Liabilities	
Payables	1,156
Total Current Liabilities	**1,156**
Non-Current Liabilities	
Borrowings	74,266
Other non-current liabilities	10,236
Total Non-Current Liabilities	**84,502**
TOTAL LIABILITIES	**85,658**

NET ASSETS	**47,604**

EQUITY	
Contributed equity	51,373
Reserves	(3,343)
Retained earnings	(426)
TOTAL EQUITY	**47,604**

Statement of changes in equity

	Contributed Equity	Cash flow hedge reserve	Retained Earnings	Total equity
Consolidated	**$'000**	**$'000**	**$'000**	**$'000**
Balance at inception	**-**	**-**	**-**	**-**
Profit / (loss)	-	-	(296)	(296)
Other comprehensive income	-	(3,343)	-	(3,343)
Total comprehensive income for the year	-	(3,343)	(296)	(3,639)
Transactions with owners in their capacity as owners	-	-	-	-
Contributions of equity, net of transaction costs	51,373	-	-	51,373
Distributions to unit holders	-	-	(130)	(130)
Balance at 30 June 2016	**51,373**	**(3,343)**	**(426)**	**47,604**

29 Parent Entity Note

The individual financial statements for the parent entity show the following aggregate amounts:

	$'000
Statement of financial position	
Current assets	586
Total assets	6,099
Current liabilities	(239)
Total liabilities	(2,998)
Contributed equity	3,351
Retained earnings	(250)
	3,101
Profit/(loss) for the period	**(250)**
Total comprehensive income/(loss) for the period	**(250)**

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016.

Contractual commitments of the parent entity

The parent entity did not have any contractual commitments as at 30 June 2016.

Determining the parent entity information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements.

30 Events occurring after the end of the reporting period

A subsequent further discretionary distribution of $0.025 per security totalling $1,471,000 was approved by the Board to be paid in addition to the distribution provided for in the Financial Statements. A combined total distribution of $1,588,684 to be paid.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 21 to 53 are in accordance with the Corporations Act 2001, including:

> (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
>
> (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the period ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 2 (a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

Chair/Director

29 September 2016

Director

29 September 2016

Independent Auditor's Report

To the members of Perth Markets Limited

Report on the Financial Report

We have audited the accompanying financial report of Perth Markets Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Perth Markets Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Perth Markets Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the period ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

BDO Audit (WA) Pty Ltd

Neil Smith

Director

Perth, 29 September 2016

Board

Hon. Paul Omodei
Chairman

Trish Skinner
Deputy Chair

Gaye McMath
Director

Frank Romano
Director

Andrew Young
Director

Rick Smith
Director

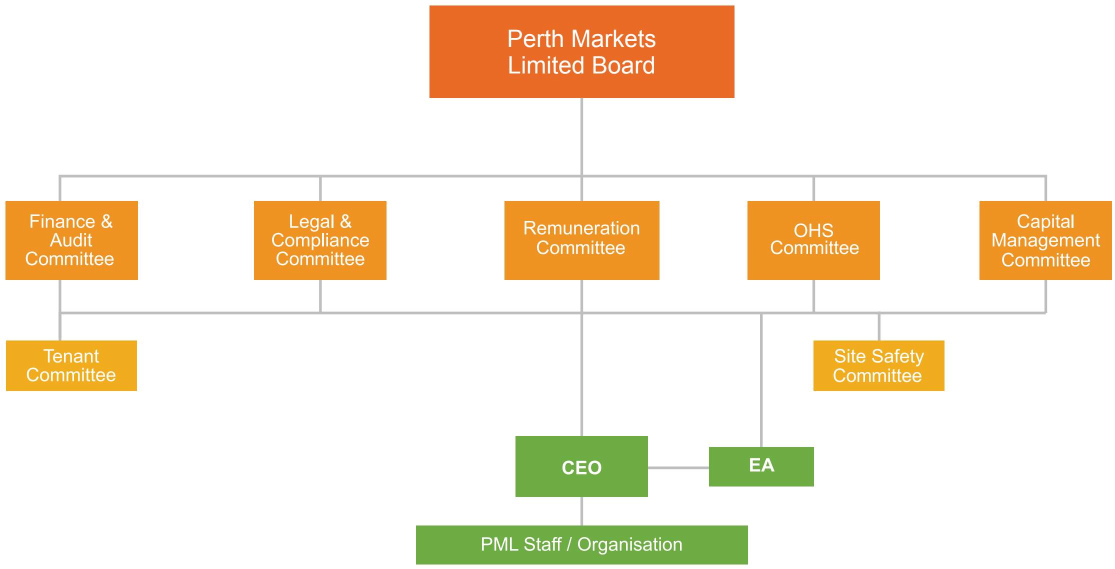
Board

Miro Lendich
Director

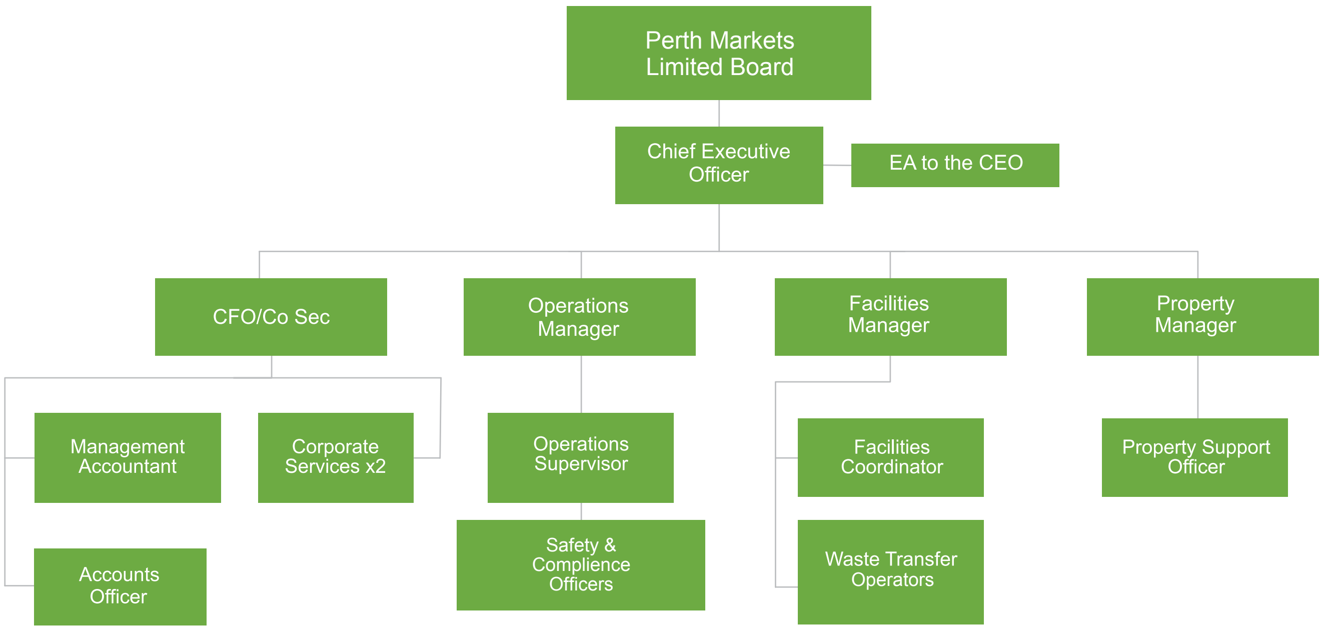
David Schirripa
Director

Andrea Lemmon
Director

Board Structure



Management Structure



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